

Japan in the first half of 1995

— Social Backgrounds of Extraordinary Events —

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Fifty years have passed since the Second World War. From the beginning of 1995, extraordinary events have continued to happen in Japan. These events include the Hanshin-Awaji quake, the Aum cult's sarin attack, people's disillusionment with politics, and an aggravating recession. All of these have made new records in the post war era.

In this paper, I would like to summarize some features of Japanese Society, using these events as a base.¹⁾

1. The Hanshin-Awaji Quake

This devastating quake left more than 5,000 people dead in Hanshin-Awaji area. It was Tuesday morning on January 17 at 5:46 that the earthquake's main tremor struck. If it had struck two hours later, the number of victims would have been many times greater because of the morning rush hour. 50,000 buildings were destroyed & burned; thousands were damaged. More than 300,000 survivors were left homeless as a result of the loss of their houses. Railways and highways collapsed everywhere. Property damage was estimated at ¥10,000 billion; that is, \$ 100 billion in total. Kobe looked as if it had been bombed.

The quake registered magnitude 7.2 on the open-ended Richter scale, 7 on the Japanese scale of 7. Nobody could have foreseen such a quake without

some research. Many buildings, railways, expressways, harbors and other structures were planned and built so as to be "quake-proof" against a level 5 quake on the Japanese scale. Many problems with structures themselves have been also pointed out. Many architects, however, had confidence that structures could withstand any quake.

Emergency measures were taken. These include rescue by civil servants and volunteers, deployment of the Self-Defence Force, bringing to Kobe by water cars, delivery of relief goods, and building temporary houses for the homeless. Many of these measures were delayed because roads were cut to pieces and there was a shortage of persons to work in emergencies. Further, there was no manual to help public officials deal with such an emergency. Almost half of the temporary houses were built in inconvenient areas far from the center of Kobe. No doctor lives in these areas, and few people knew each other at first. As a result, some aged persons who lived there alone died by themselves. Town associations in these areas, however, became organized afterwards.

Restoration is going on now. Cleaning of the rubble of destroyed buildings and houses is quite expensive. Many damaged buildings and houses have been demolished because of the danger. The budget for cleaning up rubble amounts to ¥185 billion (about \$ 1.85 billion). This represents 20.3% of the total Kobe budget for the quake in 1995. The second restoration budget is related to harbors. Kobe is a harbor town. It is located between the Inland Sea and Rokko mountain a part of which belongs to Kobe. The Harbor restoration budget in 1995 amounts to ¥179 billion (about \$ 1.79 billion). This is 19.6% of the total Kobe budget related to the quake. The total budget of Kobe city in 1995 increased by 60.9% over the 1994 budget because of the quake.

New town plans for cruelly damaged areas were decided by local governments 2 months after the quake. These plans were made without hearing

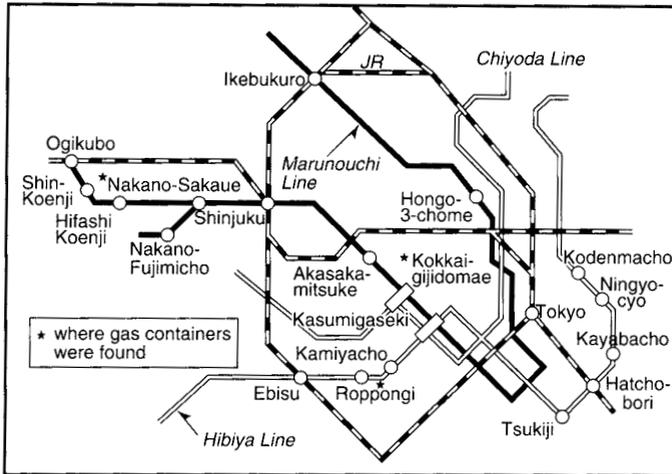
inhabitants' opinions. According to these plans, main roads would become broader than they had been and sites for houses smaller. This is a way of town planning in Japan. The idea is that land value per square meter would rise because of better environment so that total value of each site would be the same though each site smaller. In actual, however, this way of planning has problems. Inhabitants in some areas submitted another plan to Kobe city.

Building new houses is quite important for any reconstruction plan. Hyogo prefecture made a plan for 125 thousand houses to be built this June. These houses include public houses, semi-public houses, and private houses which are built using public loan with low interest rates. An important problem lies in the fact that there may be middle class people who can neither move into public or semi-public houses nor afford to build their own new houses. This is because people who can move into public houses have to belong to the low income class.

2. The Aum Cult's Sarin Attack

The nerve gas sarin struck packed commuter subway trains on the morning of March 20 in Tokyo. The attack killed 10 people and injured more than 5,000. Sarin is a toxic gas which was invented by the Nazis and which was tried for use by the Japanese Army in the Second World War. The subway network in Tokyo is complicated. People taking three different trains on three different subway lines (Hibiya, Marunouchi, and Chiyoda) were affected. Suspicious boxes in which sarin might have been contained were found on these three trains. There was also a station at which the three lines crossed, and could therefore stop simultaneously. It is the Kasumigaseki station which lies in the heart of government ministries and agencies.

Figure 1. Station hit by gas



Source: The Japan Times, March 21, 1995

Two days after the attack, police found a solvent used to make the nerve gas sarin on a facility of the religious sect Aum Shinrikyo located in Yamanashi prefecture. On that morning nearly 2,500 policemen, some wearing protective chemical warfare gear, took part in the dawn raid. The Defence Agency dispatched four officers of the Self-Defense Force to help policemen in case toxic chemicals were found. The substance, acetonitrile, was stored in several dozen bottles at the sect's facility. Acetonitrile was one of the chemical residues found in Tokyo subway trains after the sarin gas attack. Police also found about 50 followers of the sect lying in a coma, and doctors said they appeared to suffer from malnutrition. Four people were arrested on suspicion of illegal confinement.

What is Aum Shinrikyo? The mysterious Aum Shinrikyo was launched in 1987 by Shoko Asahara. Asahara, whose real name is Chizuo Matsumoto, is a man with long hair and a beard. Aum reportedly stands for "the creation, maintenance and destruction of the universe." According to his publication,

Table 1. Confiscated Chemicals

SUBSTANCE	LOCATION	USES
Sodium fluoride	Kamikuishiki	raw material for sarin
Phosphorus trichloride	Kofu warehouse	raw material for sarin
Isopropanol	Kamikuishiki	raw material for sarin
Acetonitrile	Kamikuishiki	solvent found in March 20 Tokyo subway attack
Phenylacetone	Kamikuishiki	raw material to make stimulant
Acetone	Kamikuishiki	solvent
Chloroform	Kamikuishiki	hypnotic
Potassium iodide	Kamikuishiki	can be used as a raw material for making sarin
Sodium cyanide	Kamikuishiki	substance similar to potassium cyanide
Ammonium chloride	Setagaya dojo	
Sulfuric acid	Kamikuishiki	
Atropine sulfate	Kamikuishiki	substance to alleviate symptoms of nerve gas poisoning
Glycerine		raw material for explosives

Source : The Japan Times, March 26, 1995

before Asahara began the sect, he conducted yoga and other forms of self-discipline in Himalayas to reach a "saishu gedatsu", a full and final Buddhist emancipation of the soul. According to the sect, Asahara "administers a number of mystic acts and this leads followers to emancipation. The sect has 19 domestic and 4 overseas branches including New York, Moscow. The sect says it has 10,000 followers. it also has followers in police and the Self-Defence Force .

Asahara prophesied the final war of human beings and preached that only his followers would survive. The sect had its own government, ministries and ministers. Asahara might have had an ambition to establish a new government after the final war to replace of the Japanese government. Like many worldwide, Asahara's cult squeezed every penny out of its followers

and made it difficult, even dangerous, for them to leave the fold. Followers were taught that leaving the cult meant eternal damnation. Tsutsumi Sakamoto, a lawyer who defended cult defectors, disappeared in 1989 with his wife and child. Asahara is also known to have bragged about his method of "mind control" - an electronic head gear gadget that cost 1 million yen per week to wear. In order to become "monks," followers had to donate everything they owned.

Top-ranking cult members included physicists, chemists, doctors and lawyers; most of them were graduates of elite universities. What led them to the Aum cult? Japanese education may contribute to the problems. For many students, university life is free-wheeling. It consists of drinking parties and sports clubs. It is, however, merely a recuperative break between the examination hell of childhood and the rigidly ordered life as adult salaried persons. As students repeatedly take examinations of the same subject, sometimes more than ten times a year, they lose both a sense of their own purpose for study and their creativity. The only goal becomes to pass entrance examinations of elite universities and to get jobs in big companies or ministries after graduation. Further, in recent years many graduate students cannot get positions in universities even if they get doctorates in natural sciences.

Asahara himself started from a lowly position. He was the son of a tatami-mat maker (tatami-mats are laid in Japanese style rooms and inhabitants walk and sit on them without shoes). His earliest dream was to enter Japan's most prestigious school, Tokyo University. He then wanted to become a Parliament member and finally, Japan's prime minister. He, however, failed to enter any university. Instead he opened an herbal-medicine shop and taught yoga. After establishing the Aum cult, in 1990, he and 24 other group members ran for the lower house of Parliament. All lost, and this might have been a turning point for the cult, changing from a small

religious sect into a dangerous group.

On May 16, 1995, Asahara was arrested. Other leaders of the Aum cult were also arrested.

3. People's Disillusionment with Politics

(1) Gubernatorial Elections

An unaffiliated voters' revolt occurred in the gubernatorial elections of Tokyo and Osaka prefectures this April. Independent candidates, Yukio Aoshima and "Knock" Yokoyama (his real name is Isamu Yamada), defeated former elite bureaucrats who were backed by most of the major non-Communist parties. It is the first time that independents without any party support have triumphed in gubernatorial races in either Tokyo or Osaka. Both Aoshima and Yokoyama won by large margins. The established parties, which were managing to pick joint candidates, were ignoring public sentiment.

Elections included governorships in 13 prefectures, seats on 43 of the nation's 47 prefectural assemblies, 10 of the 12 largest municipal assemblies and the mayoralty of Sapporo city.

Incumbent governors who were backed by major parties won re-election in 6 rural prefectures. Voter turnout in the gubernatorial race averaged 55.1 percent, barely above the record low of 54.4 percent in 1991.

In prefectural assembly elections, the LDP (Liberal Democratic Party) and the SDPJ (Social Democratic Party of Japan), two of the major ruling coalition parties, won record low numbers of seats since the parties were formed in 1955.

The Shinshin Party (directly translated as "the New Progressive Party"), was formed in last December by a merger of the Japan new party, the Komei party (supported by a religious sect), the Japan democratic socialist party

and the Shinsei Party (composed of former LDP members). This is now the largest opposition party in the Diet, and it garnered 140 seats. The party held 91 seats before the election.

The New Party Sakigake, another coalition partner, won nine seats. The Komei party won 148 while the Japanese Communist Party won 91.

A total of 587 independent candidates won seats, the highest since 1955. A total of 2,607 seats were contested in the polls.

Unaffiliated voters were seen as the key factor in gubernatorial races in Tokyo and Osaka. They showed their dissatisfaction with top bureaucrats such as Aoshima's major opponent Ishihara as well as existing parties. Ishihara was backed by all non-Communist parties except the Shinshin Party. Aoshima criticized this backing as an all party collusion not having inhabitants' participation.

Further, Aoshima's clean image and overwhelming popularity as a former actor and writer helped him ride on the wave of popular distrust with the political establishment.

The same situation prevailed in the Osaka race. Yokoyama, a comedian-turned-politician, defeated Takuya Hirano, former vice director general of the Science and Technology Agency. Hirano was jointly backed by all major non-Communist parties.

One of Aoshima's pledges was to cancel the World City Exposition to take place in Tokyo in '96. He thought this was too expensive & useless and knew that most inhabitants did not want it opened. The exposition was planned in the period of what is called the "bubble economy". This was in the late 1980s and it is quite doubtful whether or not the exposition could succeed after the "bubble" broke. Top businessmen, however, opposed his proposal because the exposition was already being prepared. They felt that damage & cost compensation would be huge in case of cancellation. Most assemblymen of Tokyo prefecture also opposed his proposal, and the assembly approved

opening of the exposition by 100 to 23. The Governor is, however, the President of a prefecture. After thinking about it for some weeks, on May 31 he made up his mind to cancel the exposition. He said "Aoshima is a man who keeps his pledge." I think that this speech is characterized by what most citizens cannot forget in current Japanese political situations.

(2) The Upper House Election

The Japanese Parliament is composed of the Upper House and the Lower House. The latter has more power than the former in many cases. When the Lower House passes a bill, and the Upper House rejects it, the bill must have approval of two thirds or more in the Lower House or by approval of the majority of a joint meeting of the two houses. A quorum of the Lower House is 511 and that of the Upper House is 252. A budget comes into effect 40 days after the Lower House approves it even if the Upper House rejects it.

The Upper House election is held every three years, and half the members change places as a result of elections. A term of office is 6 years. Re-election is possible.

On July 23 of this year, Upper House elections were held. Members who took seats 6 years ago ended their responsibility. Six years ago an election was held after a consumption tax (a kind of VAT) was introduced in Japan for the first time. The LDP was in the majority in both the Lower House and the Upper House. The SDPJ was the main opposition party. The SDPJ was against the consumption tax as were other opposition parties including the Komei Party, the Japan Democratic Socialist Party and the Japanese Communist Party. It was on a Saturday, Christmas Eve of 1988 that a consumption tax bill passed in the Upper House. It was approved only with the support of the LDP, and there was not enough discussion. Most members of LDP had pledged not to introduce a consumption tax and had been elected. A majority of people in Japan were against a consumption tax so it would

have been rejected if a referendum had been held. After tax reform came into effect on April 1, 1989, the first nationwide election was held later in July of that year.

The LDP, the Government party, lost many seats in the election and became a minority even though held-over seats are added to gained seats. The SDPJ gained more seats than the LDP. These results were a judgment by Japanese people about the consumption tax. The LDP continued to have a majority in the Lower House, but they became a minority in the Upper House. To a certain extent, the government faced difficulty in passing bills.

Two years ago, the LDP also lost a majority in the Lower House. Instead of the LDP a new coalition gained control. This includes the SDPJ, the Shinsei Party (a former group of LDP), the Japan New Party, the Komei Party, the New Party Sakigake and the Japan Democratic Socialist Party. The LDP, which had been a government party since it was established in 1955, became an opposition party for the first time. Political corruption was one of the reasons why the LDP lost a majority. It became open that some important members of LDP received bribes from companies when the government ordered public works.

One of tasks of the new coalition was to change an electoral system with middle districts into one with small districts. With this change, the Government sought to limit funds for elections, something which was criticized by people as "too much." A legislative electoral reform, with a combination of small districts and proportional representation, passed in the beginning of last year. The SDPJ and other coalition parties, however, had opposed an electoral system with small districts, but this was before becoming a ruling party.

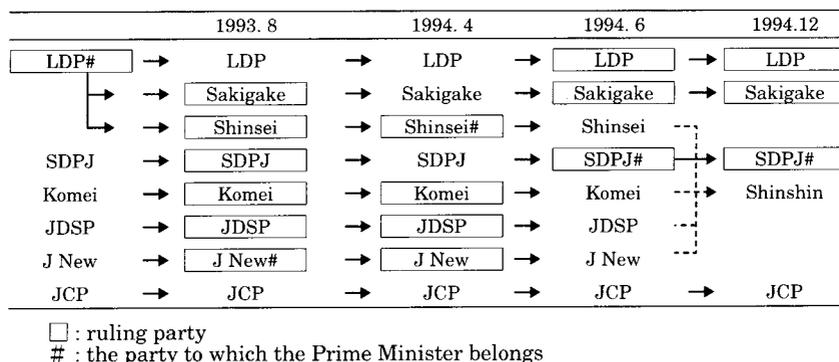
At the same time a bill limiting political funds also passed. Corporation donations to political organizations, however, were not limited at all.

Grants to parties in Parliament were also legislated.

In April of last year, the SDPJ and the New Party Sakigake left the Government, and the 7 party coalition dissolved. 5 Government parties which turned to a minority, made a cabinet. The coalition did not continue very long because of its weak power as a minority. Prime Minister Hada, who sat as chair for only 2 months, resigned.

The SDPJ, the New Party Sakigake and the LDP made a new coalition government, and this has continued since that time. The prime minister is Murayama, a leader of the SDPJ. It seems strange that the two parties which have been opposing each other in Parliament for almost 40 years are now making the same Government.

Figure 2. A trend in main parties



The SDPJ has changed. Last November, legislative tax reform was passed. This included raising of the consumption tax rate from 3 % to 5 % in 1997. Today all parties support the consumption tax except for the Japanese Communist Party. This cabinet is actually like an LDP cabinet. The SDPJ does not have its identity any more. Further, there are no clear differences between Government parties and non-Communist opposition parties.

The Shinsei Party, the Komei Party, the Japan New Party, the Japan

Democratic Socialist Party and others formed a new party, the Shinshin Party last December.

Today the LDP has 207 seats in the Lower House, the SDPJ has 64, and the New Party Sakigake 20. Altogether, Government parties have 291 of the 511 seats. On the other hand, the Shinshin Party, the main opposition party, has 169 seats; the JCP has 15.

The Upper House election this July was the first nationwide election since Prime Minister Murayama has had on the chair. What was most characteristic of this election was that voter turnout across the country hit a record low of 44.5 percent. This was below 50 percent for the first time, and reflects voter disillusionment and a general lack of issues.

Voters also expressed disenchantment with the Social Democratic Party of Japan. This party won 16 of the 126 seats, the poorest showing in its history (Six years ago, 41 seats were won). The three party ruling coalition won 65 seats, still a majority of the 126; however, this was a decrease from the 75 seats held before the election.

The Shinshin Party doubled its seats to 40, apparently at the expense of the SDPJ. The Japanese Communist Party won 8.

4. An Aggravating Serious Recession

(1) Unemployment

Japan is now in the worst recession since the Second World War. The nation's unemployment rate registered a historic high of 3.2 percent this April. This is based on the currently used method for calculating unemployment figures which was adopted in 1953. The rate would be higher if calculated by U.S. or European methods, roughly twice the current figure.

The number of jobless in April was 2.14 million, up 10.3 percent (or 200,000) from a year before. On the other hand jobholders decreased by 210,000 (or

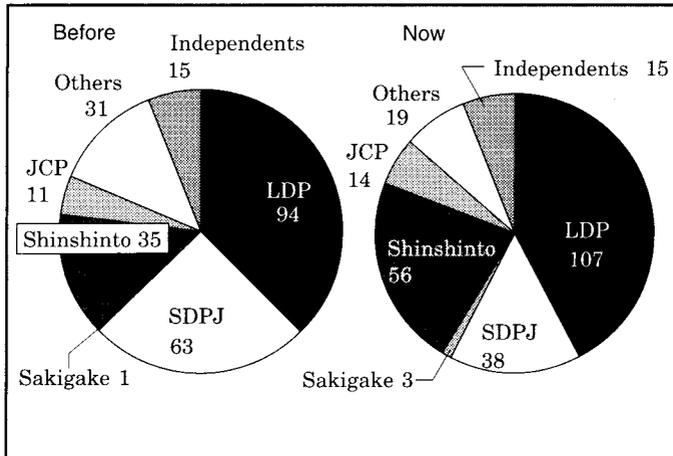
Table 2. How the seats break down in the Upper House

	Prefectural constituencies	Proportional representation	Total won	Held over	Total strength
LDP	31	15	46 (33)	61	107 (94)
SDPJ	7	9	16 (41)	22	38 (63)
Shinshinto	22	18	40 (19)	16	56 (35)
Komei	—	—	— (1)	11	11 (12)
JCP	3	5	8 (5)	6	14 (11)
DRP	2	—	2 (1)	0	2 (8)
Citizen Peace	1	0	1 (3)	1	2 (4)
Niin Club	—	1	1 (0)	1	2 (2)
Sports and Peace	—	0	0 (1)	1	1 (2)
Sakigake	1	2	3 (1)	0	3 (1)
Others	0	0	0 (3)	1	1 (3)
Independents	9	—	9 (8)	6	15 (15)
Total	76	50	126 (124)	126	252 (250)

(Pre-election strength: Two seats vacant)

Source : The Japan Times, July 25, 1995

Figure 3. The balance of power in the Upper House

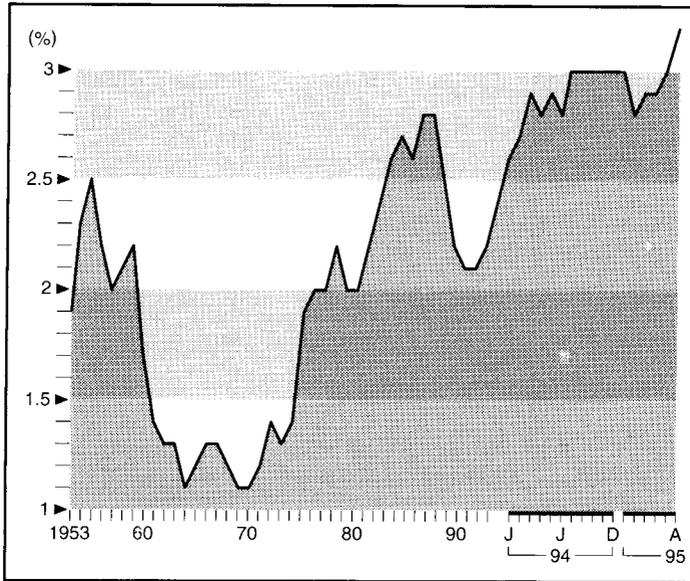


Source: The Japan Times, July 25, 1995

0.3 percent) to 64.75 million. The jobless rate for males stood at 3.1 percent, and the rate for females reached a record high of 3.2 percent.

The ratio of job offers to job seekers, a key indicator of labor demand,

Figure 4. Unemployment rate



Source: The Japan Times, May 31, 1995

was a seasonally adjusted 0.65 this April. This means there were 65 job offers for every 100 people looking for work.

Considering all students who graduated from universities or colleges this March, the rate of students who got informal notice of employment was 90.1 percent as of March 1 (Fiscal and school year begins in April and ends in March in Japan). About 72,000 students did not get the informal notice. The rate of male students was 93.5 percent and the rate of female students was 84.5 percent. Apparently, many companies are discriminating against female students relative to male students.

There is an Equal Opportunity Act in Japan which prohibits discrimination between men and women in jobs, salary, promotion etc. This law, however, is not effective, especially in recessions. Companies which break the law are not given penalties. Most companies endeavor to make economic

efficiency higher.

It is also the same with handicapped persons. Companies have an obligation to employ handicapped persons as a certain percentage of all employees. However, Many companies do not keep this obligation, because they prefer paying a little penalty rather than employing handicapped persons.

(2) Depositors' Flock

The so called "bubble economy", was a time in which land prices rose rapidly and the stock market became remarkably inflated. Since this period ended in the Fall of 1991, a serious recession has been attacking Japan. This recession is complex in that it includes a cyclical recession occurring at the same time with a "broken bubble". Though four years have passed since the bubble broke, almost all banks still have many bad loans.

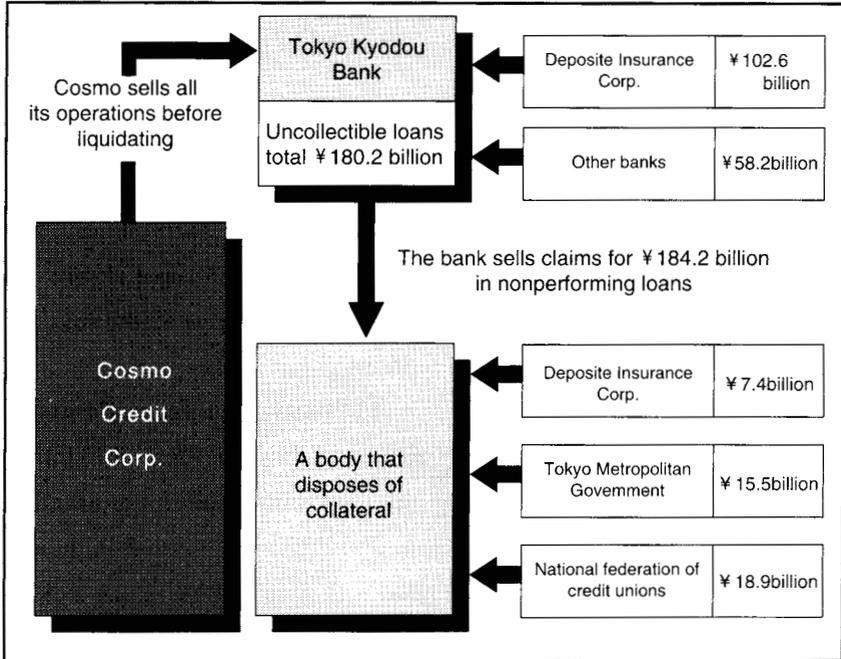
On Monday July 31 of this year, some 1,800 scared depositors flocked to financially troubled Cosmo Credit Corporation. They withdraw ¥16 billion within the morning. Depositors had appeared uneasy since the Mainichi Shinbun, one of the three biggest Japanese newspapers, reported on the earlier Saturday that the firm was burdened with ¥180 billion in bad loans.

Cosmo is the largest credit union in Tokyo and the fifth largest in Japan with deposits of ¥439 billion as of the end of March. Cosmo, however, has repeatedly been hit by bad loans and is unable to pull itself out of the crisis.

Aoshima, the Governor of Tokyo prefecture, ordered the credit union on Monday to halt new business operation. This was after panicked depositors withdrew ¥62.7 billion from its headquarters and 23 outlets in Tokyo. Under the order, the credit union was prohibited from accepting new deposits, granting loans and paying back deposits that had yet to mature. It could, however, continue to refund the full amount of deposits, including interest, of liquid deposits and matured time deposits. At the same time the metropolitan government planned to use public money for a bailout. This

included funds from the metropolitan government as well as Deposit Insurance Corp. This plan, a Cosmo rescue package is showed in the diagram below. The plan is not final, and the ministry of Finance has another option.

Figure 5. Cosmo rescue package



Source: The Japan Times, August 3, 1995

Depositors continued to flock to Cosmo Credit Corp in the following week. To cope with the huge fund withdrawal, Cosmo got backing from the National Federation of Credit Cooperatives. The Japan Bank has also decided to give a special loan to Cosmo.

(3) Rise of the Yen

A sign that the economic situation in Japan would recover appeared last year. However, this year sees the situation being aggravated by the Hanshin-Awaji earthquake and a rise in the Yen.

In March and April, The yen rose rapidly from about 97 to the dollar to below 80. This was its lowest level since modern exchange rates were established in the late 1940s. The rise in March reflected the dollar's weakness. The dollar was under pressure from the German mark, and the German mark's strength was attributed to a devaluation of the Spanish peseta and the Portuguese escudo. It was also attributed to the steady recovery of Germany's economy. The U.S. currency, on the other hand, has been weakened amid lingering concern over the financial crisis in Mexico.

In April, however, the yen rose not only against the dollar, but also against the German mark. It was said that this was due to distrust of the dollar and to Japan's high trade surplus. The latter has not been sinking significantly despite the high level of the yen. Managers of many companies, however, said that current levels of the yen could destroy the gradual recovery of Japan's economy.

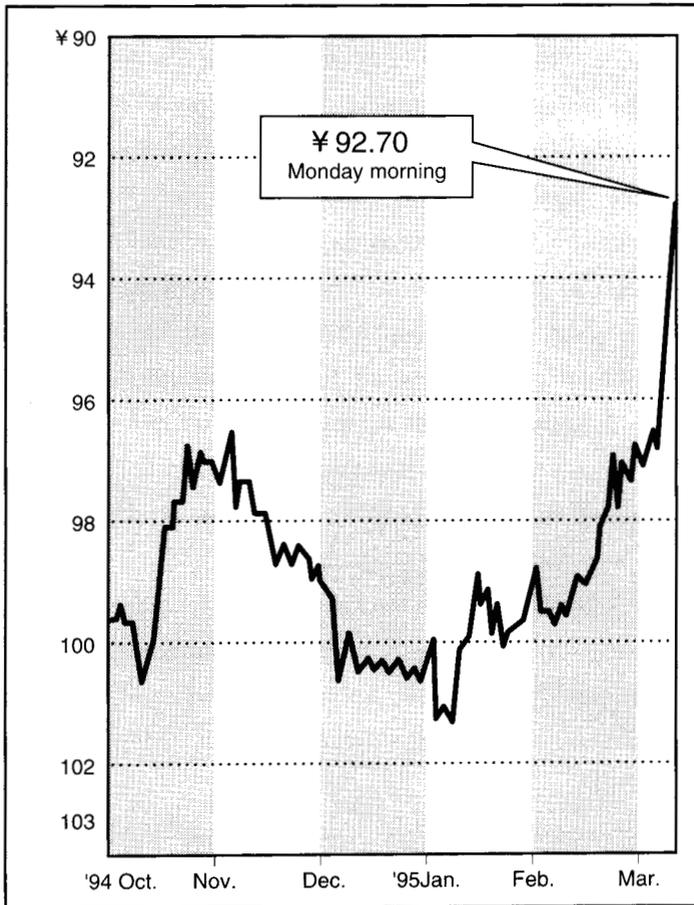
The rise of Yen reversed after the Finance Minister announced a series of deregulatory measures on August 2 to encourage Japanese institutional investors to buy more foreign bonds, especially U.S. bonds. Within three hours of the announcement, the yen fell to 90 to the dollar, its lowest level in more than four months.

The Bank of Japan cut its official discount rate by 0.75 percentage point on April 14, dropping it to 1 percent, the lowest level in history. The move was apparently taken in response to the government's announcement of measures to stop the yen's recent rise. A trend of the official discount rate may be seen below.

5. Conclusion

Will Doomsday come to Japan as Asahara said? Can we survive if we do not donate all our property to the Aum cult?

Figure 6. Dollar/yen rate



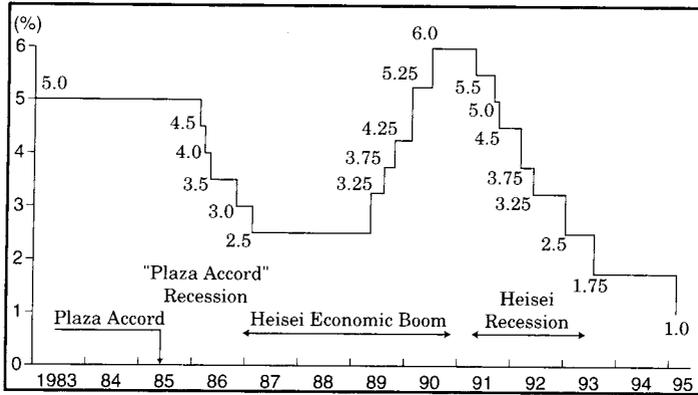
Source : The Japan Times, March 7, 1995

I am optimistic about the future of Japan.

First, restoration of the Hanshin-Awaji area is continuing at a rapidly rate, and a new Kobe will show itself to us in the near future.

Second, a legislative prohibition against producing and emitting toxic gases such as sarin was passed. Persons who emit sarin will be imprisoned with hard labour for two years or more, or for life. Persons who produce,

Figure 7. Official discount rate



The rate was lowered to 0.5% in September.

Source : The Japan Times, April 15, 1995

import or hold such gas will be imprisoned with hard labor for ten years or less.

Third, voters are aware enough to elect a brave man, Aoshima, to the Governor of Tokyo prefecture. Democracy is still alive in metropolitan areas.

Last, the economy will slowly recover from its serious recession. This will be helped by restoration in the Hanshin-Awaji area as well as reversed trend in the value of the Yen.

There are, however, problems in Japanese Society which I have pointed out. These include the determination of town plans without inhabitant participation, examination hell in schools, the rigidly ordered life of salaried persons, the frequent violation by politicians of their own pledges, and sex discrimination. I think that these problems are based on human rights being slighted.

A chain of articles protecting human rights is one of the features of the Japanese Constitution. The Constitution came into force in 1947 following

the war. Actually, progress in human rights has continued since then. It is, however, also true that economic efficiency has often dominated human rights. This is why it is difficult for female students to get jobs in a recession.

Problems are also based on strong control by bureaucrats in the Ministries. New Ministers, who have never belonged to ruling parties, are not specialists in these Ministries. It is, therefore, easy for bureaucrats to control these Ministers. Further, bureaucrats can control local governments by Ministerial Ordinances, notices, grants, etc. Local governments' officers are frequently obliged to follow bureaucrats without gaining the inhabitants' participation.²⁾

Endnotes

1. This paper was presented at a seminar of the Center for Pacific Asia Studies in Stockholm University in Sweden on September 13, 1995.
2. The relation between Japan and U.S. has to be added to dominance of economic efficiency and bureaucracy as a feature of today's Japanese society which makes problems.

A rape of an elementary school girl was committed by three U.S. servicemen stationed in Okinawa in Japan on September 4. Okinawa has huge U.S. military bases which are based on Treaty of Mutual Cooperation and Security between Japan and United States of America. This event let Japanese people reconsider the relation between two countries.